

COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT

September 2006

Summary

Revenue collections declined by 1.3 percent in September. Growth was sluggish in most of the revenue sources. On a year-to-date basis, growth is up 2.5 percent; however, adjusting for the impact of the termination of the Accelerated Sales Tax (AST) program, annual collections are down 3.0 percent. The Governor's Advisory Board of Economists will meet in October as the first step in assessing the strength of the Virginia economy over the next biennium.

Motor Fuels Tax (including PTF Fuels Tax Revenue)

Motor Fuels Tax collections fell by 2.5 percent in September. Annual collections through the first three months of fiscal year 2007 are down 5.8 percent. It is important to note that consumption data has a two-month lag, i.e., September revenue collections represent July motor fuel consumption. The significantly lower gasoline prices from the last two months have not as yet impacted the motor fuels tax.

The U.S. average retail price for regular gasoline fell 4.9 cents last week to hit 226.1 cents per gallon as of October 9, which is 58.7 cents lower than a year ago. Retail diesel fuel prices fell by 4 cents to reach 250.6 cents per gallon as of October 9, 64.4 cents lower than last year.

Average retail regular gasoline prices experienced the second largest average monthly decline ever, falling by 40 cents per gallon from August to September. Only the record 46-cents-per-gallon drop coming off the hurricane season price spike in November 2005 was greater. The average pump price for the fourth quarter of 2006 is now expected to be \$2.29 per gallon, down 54 cents per gallon from the third quarter. Regular gasoline prices are projected to average \$2.58 in 2006 and \$2.51 in 2007.

Motor Vehicle Sales and Use Tax

Motor vehicle sales tax receipts declined by 2.1 percent in September. Although collections in this source are down 6.8 percent for the year, this is a result of the comparison to last year's first quarter when employee pricing drove sales to a historic high for the first quarter.

Nationally, vehicles sales rebounded somewhat in September although year-to-date sales were still off 4% from the first nine months of 2005. The modest improvement was due to stronger light truck sales, in part as gasoline prices have been rapidly receding since mid-August. Not only have lower gasoline prices rendered light trucks more palatable, but consumer purchasing power has improved due to the easing in gas prices.

Despite the better close to the third quarter, fourth quarter sales are expected to come in at 16.2 million units seasonally adjusted. Sales will decline further in 2007. Consumer fundamentals are shifting. Demand for vehicles is spent up, employment growth is weakening, the weakening housing market is removing the ability to finance purchases from home equity, and debt service burdens are at record highs.

State Retail Sales Tax

The transportation portion of the State Retail Sales Tax increased by 9.5 percent in September. Collections in this source are up 31.9 percent in fiscal year 2007. Adjusting for the termination of the of the Accelerated Sales Tax program, annual growth is up 4.0 percent.

Motor Vehicle Licenses

Motor Vehicle Registration transactions fell in September. Collections of \$13.9 million were less than the \$15.0 million collected last September. Motor vehicle license receipts are down 0.7 percent for the year.

Commonwealth of Virginia/Department of Accounts
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues
Summary Statement of Revenue Estimates & Collections
For the Fiscal Years 2006 and 2007
(Dollars in Thousands)

Revenue	FY 2007 Estimate	As a % of Total Fund	September			Year-To-Date			% Annual Growth Required By Estimate
			FY 2007	FY 2006	% Change	FY 2007	FY 2006	% Change	
Motor Fuel Taxes	\$869,900	22.09	\$71,249	\$73,083	(2.5)	\$151,654	\$160,981	(5.8)	(0.1)
Priority Transportation Fund	20,000	0.51	2,000	2,000	0.0	2,000	2,000	0.0	0.0
Motor Vehicle Sales and Use Tax	652,600	16.57	54,104	55,275	(2.1)	165,222	177,354	(6.8)	3.8
State Sales and Use Tax	520,400	13.21	42,373	38,687	9.5	129,575	98,261	31.9	9.3
Motor Vehicle License Fees	170,700	4.33	13,875	15,025	(7.7)	45,033	45,338	(0.7)	0.8
International Registration Plan	60,800	1.55	2,355	2,905	(18.9)	11,820	7,592	55.7	0.4
Interest Earnings	25,300	0.64	70	3	#	115	18	538.9	(34.5)
Misc. Taxes, Fees, and Revenues	23,300	0.59	2,378	3,933	(39.5)	6,860	8,456	(18.9)	(27.2)
Total State Taxes and Fees	\$2,343,000	59.49	\$188,404	\$190,911	(1.3)	\$512,279	\$500,000	2.5	2.1

Percentage is greater than or equal to 1,000%.

Commonwealth of Virginia/Department of Accounts
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues
Statement of Revenue Estimates & Collections
For the Fiscal Years 2006 and 2007
(Dollars in Thousands)

Revenue	FY 2007 Estimate	As a % of Total Fund	September			Year-To-Date			% Annual Growth Required By Est
			FY 2007	FY 2006	% Change	FY 2007	FY 2006	% Change	
HIGHWAY MAINTENANCE AND OPERATING FUND:									
Motor Fuel Taxes (Includes Road Tax)	\$746,400	18.95	\$62,050	\$60,956	1.8	\$130,518	\$137,339	(5.0)	(0.7)
Motor Vehicle Sales and Use Tax	404,100	10.26	34,794	35,310	(1.5)	103,246	113,616	(9.1)	3.6
Motor Vehicle License Fees	149,200	3.79	12,170	13,177	(7.6)	39,399	39,664	(0.7)	0.6
International Registration Plan	60,800	1.55	2,355	2,905	(18.9)	11,820	7,592	55.7	0.4
Misc. Taxes, Fees, and Revenues	23,300	0.59	2,378	3,933	(39.5)	6,860	8,456	(18.9)	(27.2)
Total State Taxes and Fees	\$1,383,800	35.14	\$113,747	\$116,281	(2.2)	\$291,843	\$306,667	(4.8)	0.1
Other Revenues:									
Federal Grants and Contracts	\$0	0.00	\$2,309	\$3,357	(31.2)	\$5,967	\$10,079	(40.8)	(100.0)
Transfer (to) / from Transportation Trust Fund	286,303	7.27	100,000	0	-	200,000	186,199	7.4	53.8
Total Highway Maintenance and Operating Fund	\$1,670,103	42.41	\$216,056	\$119,638	80.6	\$497,810	\$502,945	(1.0)	4.0
TRANSPORTATION TRUST FUND:									
Motor Fuel Taxes									
(Includes Aviation & Road Taxes)	\$123,500	3.14	\$9,199	\$12,127	(24.1)	\$21,136	\$23,642	(10.6)	4.3
Priority Transportation Fund	20,000	0.51	2,000	2,000	0.0	2,000	2,000	0.0	0.0
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	248,500	6.31	19,310	19,965	(3.3)	61,976	63,738	(2.8)	4.2
State Sales and Use Tax	520,400	13.21	42,373	38,687	9.5	129,575	98,261	31.9	9.3
Motor Vehicle License Fees	21,500	0.54	1,705	1,848	(7.7)	5,634	5,674	(0.7)	2.1
Interest Earnings	25,300	0.64	70	3	#	115	18	538.9	(34.5)
Total State Taxes and Fees	\$959,200	24.35	\$74,657	\$74,630	0.0	\$220,436	\$193,333	14.0	5.1
Other Revenues:									
Federal Grants and Contracts	\$1,354,852	34.40	\$57,792	\$94,589	(38.9)	\$175,479	\$152,503	15.1	181.8
Receipts from Cities/Counties	125,272	3.18	4,019	3,320	21.1	9,672	12,162	(20.5)	156.5
Toll Revenues (Includes Route 28)	96,447	2.45	9,606	8,377	14.7	23,331	21,363	9.2	(15.0)
Miscellaneous Revenues	18,717	0.48	(1,676)	(172)	(874.4)	2,068	4,565	(54.7)	(15.0)
Total Other Revenues	\$1,595,288	40.51	\$69,741	\$106,114	(34.3)	\$210,550	\$190,593	10.5	139.9
Transfer (to) / from Highway Maintenance and Operating Fund	(\$286,303)	(7.27)	(\$100,000)	\$0	-	(\$200,000)	(\$186,199)	(7.4)	(53.8)
Total Transportation Trust Fund	\$2,268,185	57.59	\$44,398	\$180,744	(75.4)	\$230,986	\$197,727	16.8	63.0
TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND	\$3,938,288	100.00	\$260,454	\$300,382	(13.3)	\$728,796	\$700,672	4.0	31.3

Percentage is greater than or equal to 1,000%.